



Sharda Cropchem Limited



**HELPING  
FARMERS  
PROSPER**  
AROUND THE WORLD

Q3 & 9M FY17  
RESULTS UPDATE  
JANUARY 2017

## DISCLAIMER



*This presentation and the following discussion may contain “forward looking statements” by Sharda Cropchem Limited (“Sharda” or “the Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Sharda about the business, industry and markets in which Sharda operates.*

*These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Sharda’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Sharda.*

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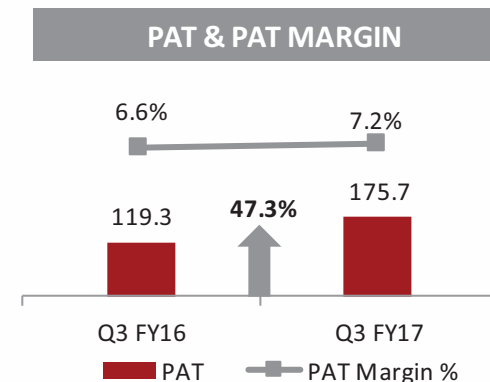
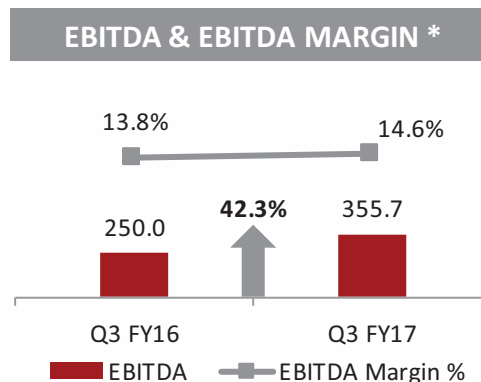
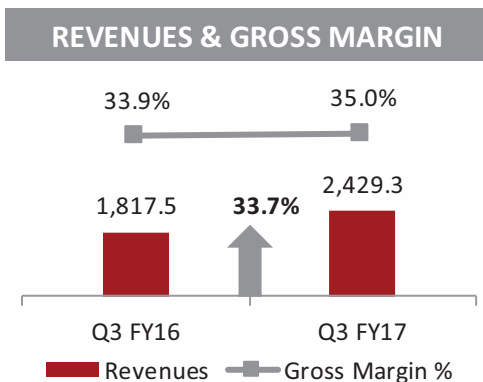
- Q3 & 9M FY17 Results Highlights**
- Q3 & 9M FY17 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**



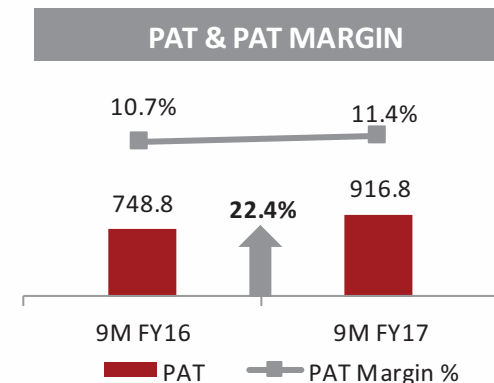
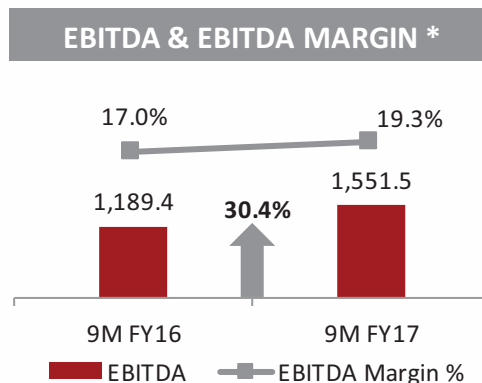
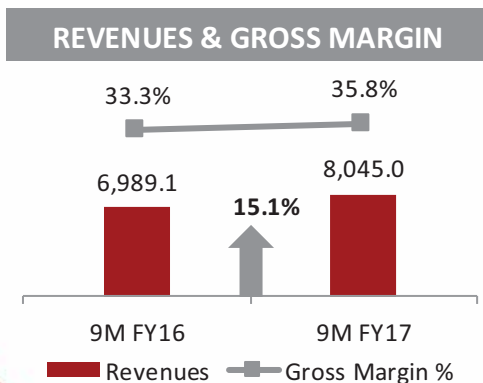
# Q3 & 9M FY17 RESULTS: KEY HIGHLIGHTS



## Q3 FY17 YoY ANALYSIS



## 9M FY17 YoY ANALYSIS



\* Excluding Foreign Exchange Impacts

## Q3 & 9M FY17 RESULTS: KEY HIGHLIGHTS



### FINANCIAL UPDATE -

- Q3 FY17 Total Revenues increased significantly by 33.7% YoY to Rs. 2,429.3 mn primarily driven by volume growth of 30.8%, and favourable currency movement of 1.2%.
  - Region-wise growth – Europe (15.8%), NAFTA (65.5%), LATAM (22.2%), ROW (29.0%)
- Q3 FY17 gross profit increased by 37.7% YoY to Rs. 849.1 mn. Gross margin increased by 103 bps to 35.0% primarily driven by higher share of agrochemical formulations and improved performance in NAFTA region.
- Q3 FY17 EBIDTA excluding foreign exchange impacts increased by 42.3% YoY to Rs. 355.7 mn. EBIDTA margin increased by 89 bps to 14.6%.
- Q3 FY17 EBIDTA including foreign exchange impacts increased by 29.4% YoY to Rs. 323.5 mn. EBIDTA margin marginally declined by 44 bps to 13.3%.
- Q3 FY17 PAT after minority interest grew by 47.3% YoY to Rs 175.7 mn. PAT margin increased by 67 bps to 7.2%

### OPERATIONAL UPDATE -

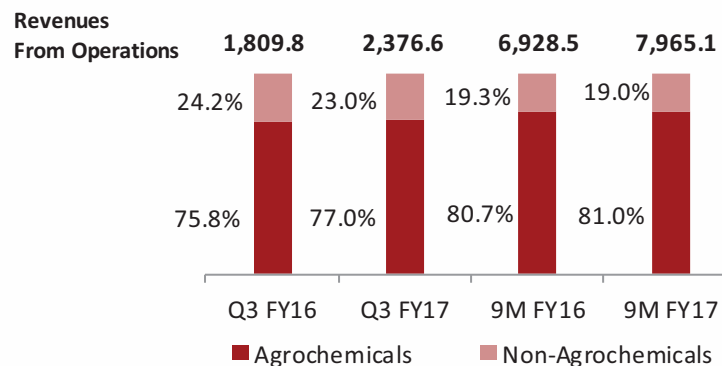
- Total number of registrations increased to 2,061 as of 31-Dec-16 as compared to 1,936 as of 30-Sep-16 and 1,765 as of Mar-16.
- In Q3 FY16, the company added 125 registrations (Europe – 44, NAFTA – 5, LATAM – 53 and RoW – 23 ).
- The company has another 768 registrations in the pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 57% in 9M FY17 as compared to 62% in 9M FY16.



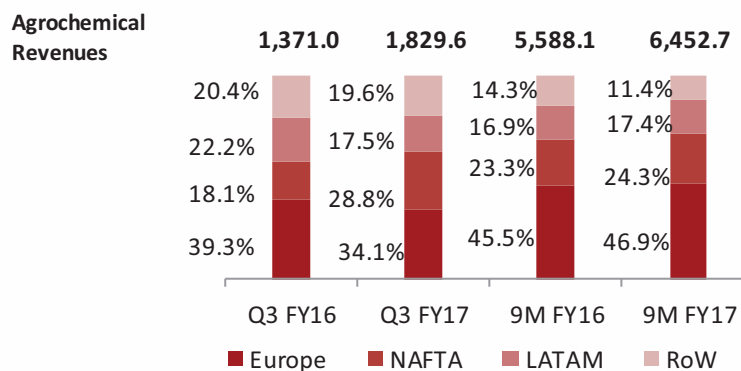
# Q3 & 9M FY17 RESULTS: REVENUE ANALYSIS



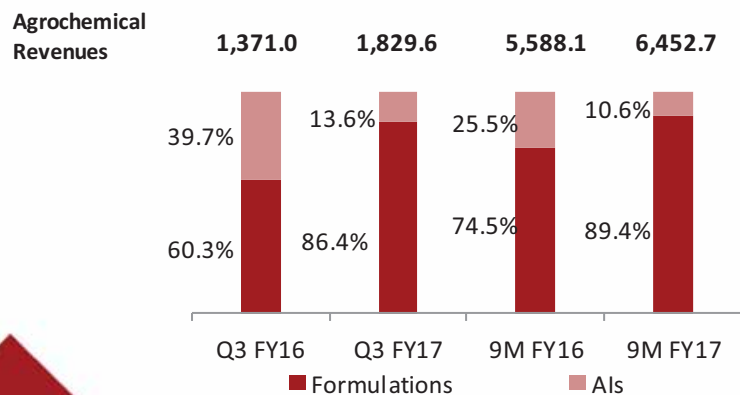
## AGROCHEMICALS VS. NON-AGROCHEMICALS



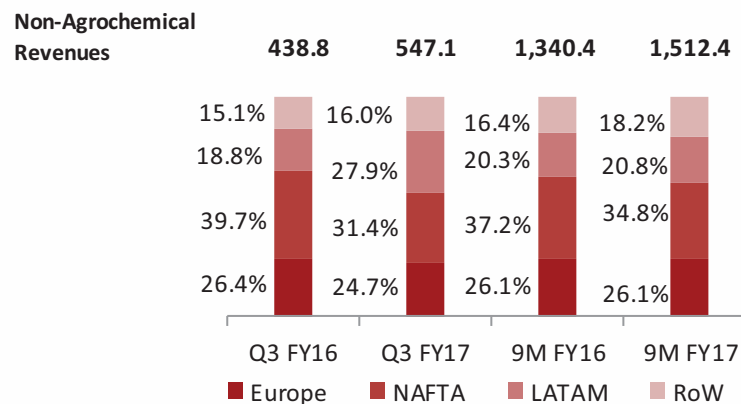
## GEOGRAPHICAL PRESENCE – AGROCHEMICAL SALES



## FORMULATIONS VS. ACTIVE INGREDIENTS



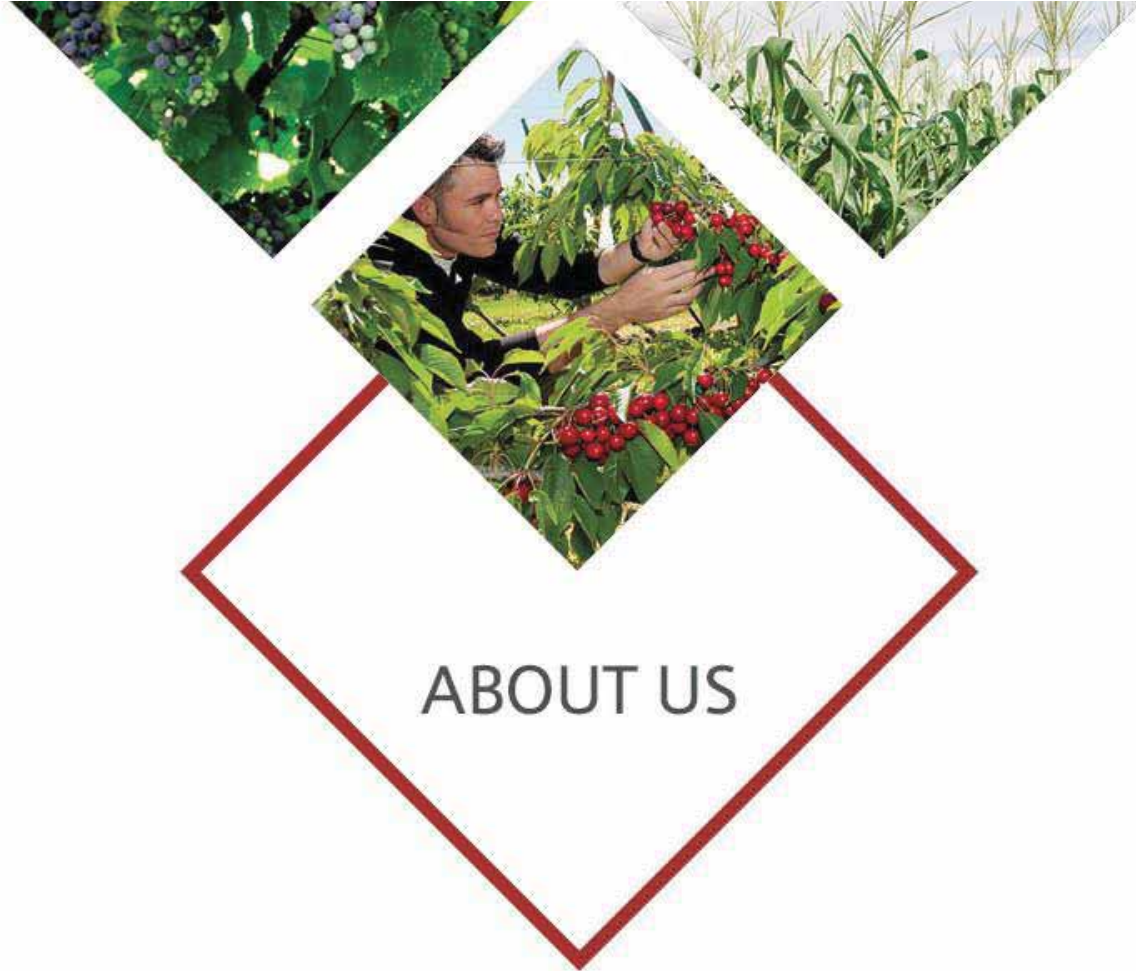
## GEOGRAPHICAL PRESENCE – NON-AGROCHEMICAL SALES



# CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q3 FY17	Q3 FY16	YoY %	9M FY17	9M FY16	YoY %
Revenue from Operations	2,376.6	1,809.8	31.3%	7,965.1	6,928.5	15.0%
Other Operating Income	52.7	7.7	580.7%	79.9	60.6	32.0%
<b>Total Revenues</b>	<b>2,429.3</b>	<b>1,817.5</b>	<b>33.7%</b>	<b>8,045.0</b>	<b>6,989.1</b>	<b>15.1%</b>
COGS	1,580.2	1,201.0	31.6%	5,162.0	4,661.1	10.7%
<b>Gross Profit</b>	<b>849.1</b>	<b>616.6</b>	<b>37.7%</b>	<b>2,883.0</b>	<b>2,328.0</b>	<b>23.8%</b>
<b>Gross Margin</b>	<b>35.0%</b>	<b>33.9%</b>	<b>103 bps</b>	<b>35.8%</b>	<b>33.3%</b>	<b>253 bps</b>
Employee Expenses	67.6	54.2	24.8%	197.6	186.4	6.0%
Professional Charges	165.2	128.7	28.3%	464.4	368.2	26.1%
Other Expenses	292.8	183.6	59.5%	722.8	584.0	23.8%
<b>EBITDA</b>	<b>323.5</b>	<b>250.0</b>	<b>29.4%</b>	<b>1,498.2</b>	<b>1,189.4</b>	<b>26.0%</b>
<b>EBITDA Margin %</b>	<b>13.3%</b>	<b>13.8%</b>	<b>-44 bps</b>	<b>18.6%</b>	<b>17.0%</b>	<b>161 bps</b>
<b>Operating EBITDA Excl. Forex Impacts</b>	<b>355.7</b>	<b>250.0</b>	<b>42.3%</b>	<b>1551.5</b>	<b>1189.4</b>	<b>30.4%</b>
<b>Operating EBITDA Margin % excl. Forex Impacts</b>	<b>14.6%</b>	<b>13.8%</b>	<b>89 bps</b>	<b>19.3%</b>	<b>17.0%</b>	<b>227 bps</b>
Depreciation	123.9	81.9	51.2%	369.2	246.6	49.7%
Finance Cost	0.0	0.0	-	0.1	0.1	-
Other Income	92.8	-6.9	-	191.3	145.0	-
<b>PBT</b>	<b>292.4</b>	<b>161.2</b>	<b>81.4%</b>	<b>1,320.2</b>	<b>1,087.7</b>	<b>21.4%</b>
Tax Expense	116.1	41.9	177.1%	403.4	339.1	18.9%
<b>PAT</b>	<b>176.3</b>	<b>119.3</b>	<b>47.8%</b>	<b>916.8</b>	<b>748.6</b>	<b>22.5%</b>
Minority Interest	-0.5	0.1	-	-0.0	0.2	-
<b>Reported PAT</b>	<b>175.7</b>	<b>119.3</b>	<b>47.3%</b>	<b>916.8</b>	<b>748.8</b>	<b>22.4%</b>
<b>PAT Margin %</b>	<b>7.2%</b>	<b>6.6%</b>	<b>67 bps</b>	<b>11.4%</b>	<b>10.7%</b>	<b>68 bps</b>
<b>Earnings Per Share (EPS) In Rs.</b>	<b>1.95</b>	<b>1.32</b>	<b>47.8%</b>	<b>10.16</b>	<b>8.30</b>	<b>22.5%</b>



ABOUT US



# ABOUT US: COMPANY OVERVIEW



## BUSINESS OVERVIEW

- Sharda Cropchem Limited is a global crop protection chemical company largely operating across Europe, NAFTA and Latin America across fungicides, herbicides and insecticides.
- Sharda operates with an asset light business model focused on identification and registration of potential molecules with a strong demand.
- As of 31<sup>st</sup> December 2016, Sharda owned 1,795 registrations for formulations and 266 registrations for active ingredients (AIs) and filed 768 applications for registrations globally pending at different stages.
- Sharda also runs a non-agrochemical business comprising of order-based procurement and supply of non-agrochemical products including conveyor belts and general chemicals, dyes and dyes intermediates.

## KEY STRENGTHS

- Asset light business model with core competency of registrations and an extensive library of dossiers and registrations.
- Strong geographical presence in more than 78 countries with an established global marketing & distribution network (more than 634 third-party distributors and over 120 direct sales force).
- Superior sourcing capabilities with an established access to cost competitive manufacturers in China and India.
- Significant promoter experience and experienced management team.

## STRONG FINANCIALS

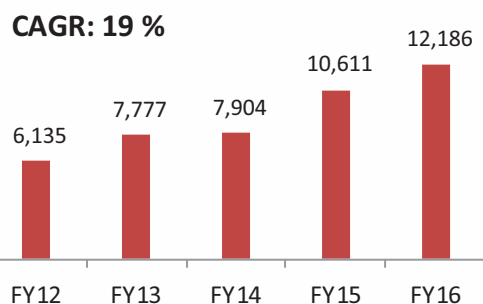
- Consolidated Revenues, EBITDA and PAT were Rs 12,206.1 mn, Rs 2,669.1 mn and Rs 1,749.7 mn in FY16 having grown at CAGR of 19%, 22% and 26% over FY12 to FY16.
- Strong balance sheet and asset light model resulting into a strong cash position of Rs 1,448.5 mn (net of gross debt of Rs 20.0 mn) and equity of Rs 8,108.1 mn in FY15.
- Healthy Return Ratios in FY16 :
  - ROCE – 30.8%
  - Cash Adj. ROCE – 38.6%
  - ROE – 23.9%



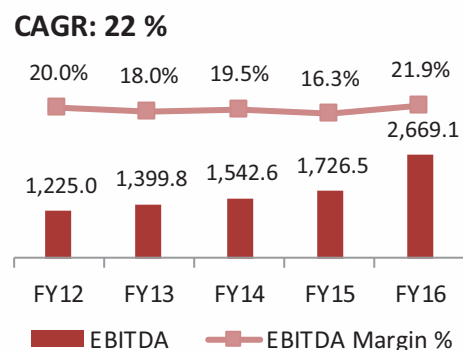
# ABOUT US: FINANCIAL SUMMARY



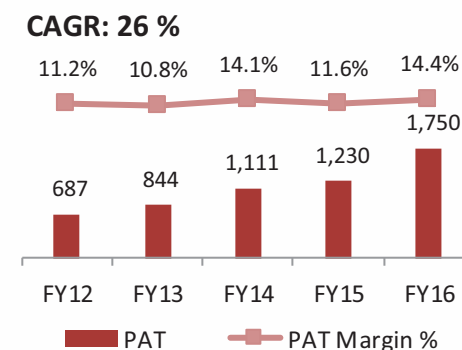
## REVENUE FROM OPERATIONS



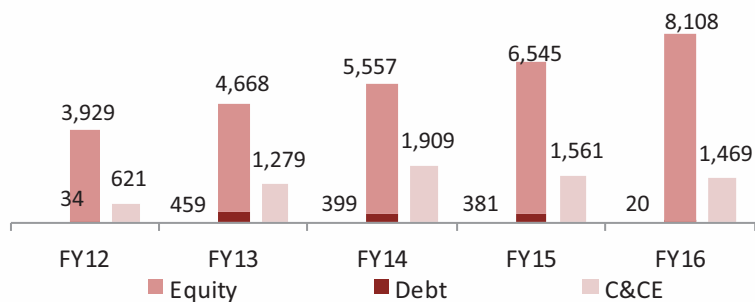
## EBITDA & EBITDA Margin



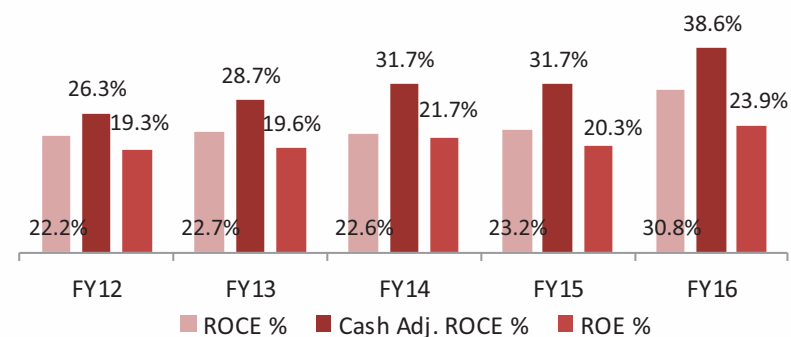
## PAT & PAT Margin



## LEVERAGE ANALYSIS



## RETURN METRICS



Source: Figures for FY12 and FY13 are sourced from Red Herring Prospectus of the company.

PAT Margin = PAT / Revenue from Operations, EBITDA Margin = EBITDA (excl. Other Income) / Revenue from Operations,

ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt - C&E)]

# ABOUT US: SHAREHOLDING STRUCTURE



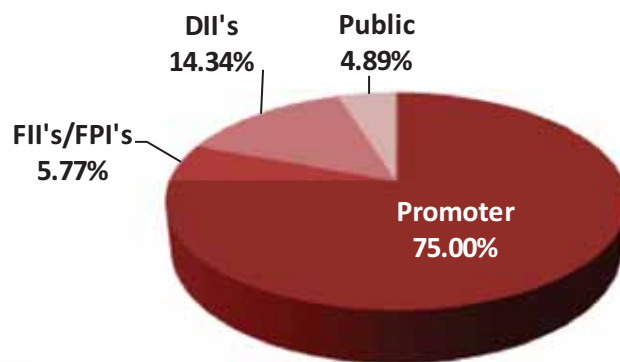
Key Institutional Investors – 31 <sup>st</sup> December 2016	% Holding
DSP Blackrock Investment Manager	7.14%
HDFC MF	4.31%
Pinebridge	2.55%
Goldman Sachs	2.15%
SBI Funds Management	1.99%

Source: Company

Market Data	As on 30 <sup>th</sup> January 2017 (BSE)
Market capitalization (Rs Mn)	42,268.3
Price (Rs.)	468.5
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	509.6 – 203.3

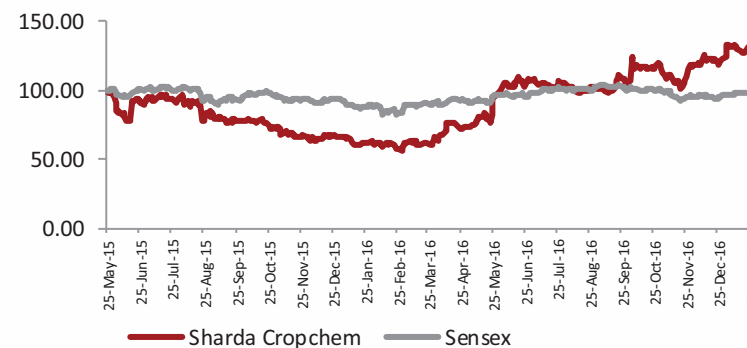
Source: Company

## Shareholding – 31<sup>st</sup> December 2016



Source: Company

## Share Price Performance



Source: BSE

# DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



## Agrochemical Value Chain

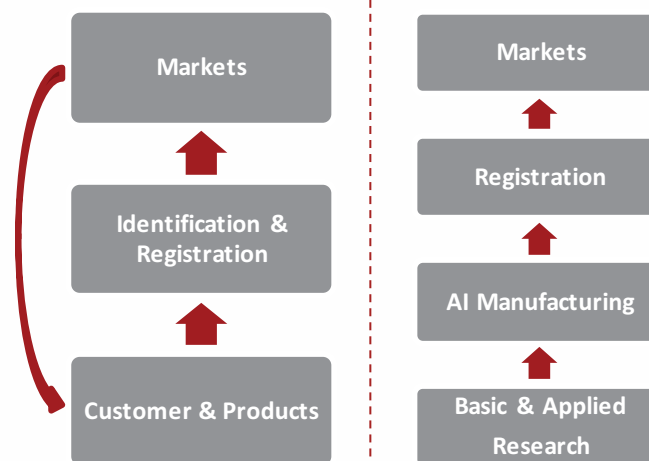
## Sharda's Operating Area



### ASSET LIGHT BUSINESS MODEL

- Focus on identification of generic molecules, preparing dossiers, seeking registrations, marketing & distributing formulations through third party distributors and/or own sales.
- Manufacturing of AIs and formulations is outsourced.
- Highly flexible operating model resulting in –
  - Overall cost competitiveness
  - Efficient management of fluctuating market demand across various geographies.
  - Offering wide range of formulations and AIs.

### Sharda's Model: Demand Pulled / Customer Driven



**SHARDA IS A FOCUSED GLOBAL AGROCHEMICAL MARKETING & DISTRIBUTION COMPANY**

# BUSINESS STRATEGY & OUTLOOK



## Forward Integration - Build own Sales Force

- Leverage market presence and execution capabilities.
- Adopt the factory-to-farmer approach and be a one-stop solution provider.
- Strategy on-ground in Mexico, Colombia, Hungary, Spain, Poland, Italy, Portugal, USA & India.

## Expand & Strengthen Distribution Presence

- Expand geographical reach using existing library of dossiers.
- Two-fold strategy of further penetrating existing markets and entering new markets.

## Continual Investment in Obtaining Registrations

- Continue to identify generic molecules going off- patent.
- Investing in preparing dossiers and seeking registrations in own name.

## Focus on Biocide Registrations

- Scale up marketing and distribution of biocides with a focus on Europe.
- Increase biocide registrations.

## Focus on Inorganic Growth

- Continue to explore possibilities of partnerships with other companies across jurisdictions.



## ABOUT US: OUR PRESENCE





Sharda Cropchem Limited

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